

# Meeting Minutes

## January 29, 2004

### Town of Los Altos Hills

### City Council Special Meeting

Thursday, January 29, 2004, 7:00 P.M.  
Council Chambers, 26379 Fremont Road

#### 1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

Mayor Cheng called the Special Meeting of the City Council to order at 7:05 p.m. in the Council Chambers at Town Hall.

Present: Mayor Emily Cheng, Mayor Pro Tem Mike O'Malley, Councilmember Bob Fenwick, Councilmember Breene Kerr and Councilmember Dean Warshawsky  
Absent: None  
Staff: City Manager Maureen Cassingham, City Attorney Steve Mattas, Administrative Services Director Sarah Joiner, Accountant/Office Manager Cindy Higby and City Clerk Karen Jost  
Press: None

Mayor Cheng, with the consensus of Council, reordered the Agenda. Item 3 was heard before Item 2.

#### 2. DISCUSSION OF THE NEW TOWN HALL FINANCING

Administrative Services Director Sarah Joiner introduced this item to Council. The staff report before Council included the Finance & Investment Committee's report presented to Council on January 15, 2004 and information from the League of California Cities on the different financing options available to municipalities. Joiner noted that Finance and Investment Committee members were present to answer questions and discuss the financing options with Council

City Attorney Mattas reported that in response to an inquiry from Council at their last meeting regarding borrowing from Reserve Funds, he has reviewed the question and determined that it would, in general, be permissible. The funds would need to be repaid over time with the appropriate interest.

Mattas noted that Bill Madison, law firm of Jones, Hall, Hill and White, was available to answer Council's questions on issues of municipal financing.

Mayor Pro Tem O'Malley reviewed the Town's reserve balances as shown in the report spreadsheets. O'Malley explained that if existing cash reserves are used to pay for the new Town Hall, in the event of an emergency, other reserves could be accessed. He

identified the reserves that could be available from funds that are not allocated to specific items or restricted. O'Malley concluded that existing reserve funds could be used to pay for the Town Hall project and the Town would still have cash reserves. This would be contingent on the project coming in on budget and the careful monitoring of CIP expenses. The unknown in this financing scenario is the impact of the State's budget on the Town.

Council discussion ensued. They discussed the effect of borrowing funds and payments on future expenditures; investment interest vs. cost of borrowing interest; and financing vehicles.

#### OPENED PUBLIC COMMENT

Bill Madison, bond counsel, explained the financing option available to Council called a Reimbursement Resolution. This would allow the Town to fund the project out of reserves and preserve the ability to reimburse the Town for all or part of the project cost by means of an institutional lease. This option would require that the Council approve a Reimbursement Resolution. Madison noted that Council must declare its intent to borrow funds to reimburse the Town for project expenditures no later than sixty days after groundbreaking.

Jean Mordo, Planning Commissioner, appreciated the clarification of the Town's financing options. He noted that the Reimbursement Resolution was a new positive alternative for Council consideration.

Roy Rogers, Finance and Investment Committee, distributed a spreadsheet that reflected the repayment of Certificates of Participation (COPS) over a 20 year period. The analysis presented reflected the cost of borrowing and the potential negative effect on Town funds. Rogers explained that the Finance and Investment Committee strongly recommends that the new Town Hall project be paid for from cash reserves.

Jim Steiner, resident, former Finance and Investment Committee member, expressed his concern about the impact borrowing costs would have on Town funds. He suggested the Reimbursement Resolution could be a good solution. He would like the Town to reserve cash funds and cut CIP projects.

Frank Lloyd, Vice Chair-Finance and Investment Committee, commended Mayor Pro Tem O'Malley on his understanding and analysis of the Town's reserves. He added that he advocates paying for the Town Hall project from reserves and noted that the Town has the necessary funds.

#### CLOSED PUBLIC COMMENT

Council thanked Administrative Services Director Joiner and the Finance and Investment Committee for their definitive work on financing vehicles and issues relating to the new Town Hall. They noted that the purpose of tonight's meeting had been to enable Council to have a dialogue on financing options and as an information gathering process. Council would make their decision as to the method of financing the project at the next Regular City Council Meeting. The options that will be entertained include: paying for the project out of reserves, paying for all

or a portion of the project with the issuance of Certificates of Participation, and paying for the project with reserves and approving a Reimbursement Resolution.

### 3. PRESENTATIONS FROM THE FLOOR

Cyrus Gheryi, Gigli Court, addressed Council. He asked the City Council to agendaize his project for review at their next meeting. Gheryi complained that the Town had repeatedly delayed his project and that he had incurred unexpected costs for a water pipeline that had been required by the Water District. Gheryi threatened to display an “anti-Town” banner at his residence that could be viewed by motorists on Highway 280.

Mayor Cheng reiterated the Council’s past direction to Mr. Gheryi to submit in writing his request and concerns related to his project for Council review.

### 4. ADJOURNMENT

MOTION SECONDED AND CARRIED: Moved by O’Malley, seconded by Warshawsky to adjourn the meeting at 8:30 p.m.

Respectfully submitted,

Karen Jost  
City Clerk

The minutes of the January 29, 2004 Special City Council Meeting were approved at the February 19, 2004 Regular City Council Meeting.